MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1 2022/2023 (TERM ID 2210)

DEC5614 INTRODUCTORY MICROECONOMICS

(All Sections/Groups)

13 FEBRUARY 2023
09.00 – 11.00 AM
(2 hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 3 pages excluding cover page.

2. Attempt **ALL** questions. The distribution of the marks for each question is given.

Instruction: Answer ALL questions.

STRUCTURE QUESTIONS

QUESTION 1

a) Define factors of production. Describe the **FOUR (4)** categories of factors of production. (10 marks)

b) Based on the Table 1 below;

Production point	Vegetables produced (kg)	Fruits produced (kg)
A	0	42
B	4	40
C	8	36
D	12	30
E	16	22
F	20	12
G	24	0

Table 1: Production of Vegetables and Fruits

i. Draw the Production Possibility Frontier (PPF). Plot vegetable at vertical axis. (3 marks)

ii. What is the opportunity cost of one Vegetables at Point B and opportunity cost of one Fruits at point C? (4 marks)

iii. When the production point moves from Point F to G, what is the opportunity cost of vegetables? (3 marks)

(20 marks)

QUESTION 2

a) Explain briefly any **FIVE (5)** factors change in demand. (10 marks)

b) Based on the information in the Table 2 below:

Price (Per Pcs)	Quantity Demanded	Quantity Supplied
1.00	200	110
1.25	175	130
1.50	150	150
1.75	125	170
2.00	100	190

Table 2: Demand and Supply Schedule for Hamburger

Continued...

i. Plot the demand and supply curve. (4 marks)

ii. Determine the equilibrium quantity and price of Hamburger in the market. (2 marks)

iii. At the price of RM1.25, how much is the shortage or surplus? Explain how the market moves towards equilibrium. (4 marks)

(20 marks)

QUESTION 3

a) The table below is the quantity demanded for Ovaltine and Horlick for a given price level.

Price of Ovaltine (RM)	Quantity Demanded for Horlick	Quantity Demanded for Ovaltine
4.00	10	20
4.50	20	18
5.00	30	15
5.50	40	14

Table 3: The Price and Quantity For Ovaltine And Horlick

Based on the Table 3 above;

i. Calculate the price elasticity of demand for Ovaltine when the price of Ovaltine increased from RM4.50 to RM5.00. Indicate either the demand is elastic or inelastic, why? (7 marks)

ii. Calculate the cross elasticity of demand for Horlicks when the price of Ovaltine changed from RM4.00 to RM4.50. (4.5 marks)

iii. Based on answer in (ii), are Horlick and Ovaltine substitute or complements? Why? (2 marks)

b) Describe briefly the **THREE (3)** factors that influence the price elasticity of demand. (6 marks)

(20 marks)

Continued...

QUESTION 4

Serena likes to eat bread and coffee. Her consumption appears to result in the total utility shown in Table 4 below. Serena has a budget of RM36 to spend in which the bread costs of RM8 and coffee costs of RM4.

Quantity (Units)	Bread	Coffee
1	56	32
2	104	60
3	144	84
4	168	104

Table 4: Consumption Utility for Bread and Coffee

You are required to;

a) Calculate the marginal utility and marginal utility per price for bread and coffee. (16 marks)

b) How many units of bread and coffee should Serena buy to maximize her utility with the budget of RM36. (4 marks)

(20 marks)

QUESTION 5

Sofea opened her new venture selling handcrafted sneakers. The kiosk is rented for RM50 per day, and she is recruiting part-time workers for RM100 per day. Table 5 represents her daily output of handcrafted sneakers.

No of Workers (per day)	Total Output (per day)	Total Cost (RM)	Average Total Cost (RM)	Average Fixed Cost (AFC)	Average Variable Cost
0	0	50	-	-	-
1	60				
2	120				
3	180				
4	220				
5	240				

Table 5: Production Cost and Output

You are required to calculate the values for total cost, average total cost, average fixed cost, and average variable cost at each level of output in Table 5. NOTE: All answers should be in two decimal places.

(20 marks)

End of Paper